

# Victorian Co-operative News

Bulletin of the Co-operative Federation of Victoria Ltd

Volume 2 Issue 2

Winter 1995

## U.N. calls for annual celebration of co-ops

The United Nations has declared the first Saturday of July, starting in 1995, as the **United Nations International Day of Co-operatives**.

The declaration reflects the recognition by the United Nations General Assembly of the significant contribution the co-operative movement makes to world economic and social development.

In his report to the General Assembly, in July 1994, the UN Secretary-General, Boutros Boutros-Ghali, stated that:

*"Co-operative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment, overcoming poverty and achieving social integration".*

In December 1994 the UN General Assembly adopted resolution 49/155, calling on governments to:

- Review legal and administrative constraints on the activities of co-operatives with a view to eliminating those constraints that are not applied to other businesses and enterprises;
- Develop programs in collaboration with co-operatives, aimed at improving statistics on the contribution of co-operatives to national economies and facilitating dissemination of information on co-operatives. □
- Consider fully the potential of co-operatives for contributing to the solution of economic, social and environmental problems in formulating national development strategies;
- Observe annually International Day of Co-operatives on the first Saturday of July. □

## 100 years of international co-operative action

The International Co-operative Alliance (ICA) celebrates its centenary this year.

Founded in London in 1895, the ICA has grown from an association of mainly European consumer co-operative apex federations to a business association of international and national co-operative organisations representing over 100 countries and nearly every sector of the world economy.

As the International Co-operative Alliance enters its second century, its membership has reached over 750 million at grassroots level and the basic principles which it promotes have been applied to all aspects of economic and social life on every continent.

The role of the ICA is to promote the growth and strengthening of the co-operative approach in all its forms and coordinate and support the common interests of its member organisations.

The priorities of the ICA are as follows:

- To promote and defend the values and principles shared by its members as custodian of the co-operative principles;

- To stimulate the exchange of ideas and information, and practical collaboration between member organisations;
- To spread information on the aims, structure and trends of the international co-operative movement through its communication, documentation and research programs;
- To act as a catalyst for the development of co-operative structures, especially in developing countries;
- To represent the co-operative movement at the United Nations and other international organisations and when requested by its members, with national governments.

The significance of the ICA as a world body can be measured by the respect in which it is held by the United Nations and international leaders.

ICA has Category One Consultative Status with the United Nations Economic and Social Council.

Over the past year, the ICA contributed to a number UN conferences and meetings, including the World Summit for Social Development, UN Conference

on Women, UN Commission on the Status of Women, UN Conference on Trade & Development, UN Commission on Sustainable Development and UN Commission on Europe.

An important task of the ICA is to promote the ideas of co-operation in developing countries. It has established offices in Asia, Africa and Latin America to promote the co-operative way of economic and social progress.

The ICA has persuaded many governments in the Third World that a healthy co-operative sector of the economy is crucial for a nation's well being.

ICA also provides co-operatives with an international forum at which they can exchange experiences and explore ways of developing trade and other business links across national borders.

The Asia Pacific Region is serviced by an ICA regional office in New Dehli.

Established in 1960, the office provides technical and advisory to 62 national level co-operative organisations from 26 countries in the Region. □

**inside...**

**ICA Congress to review the co-operative principles  
Directors: your duties and obligations  
Your Federation at work**

**page 2  
page 2  
page 4**



# ICA Congress to review co-operative principles

The *Co-operative Principles*, which were last revised in 1966, are to be submitted for review at the International Co-operative Alliance's Centennial Congress in September.

The co-operative principles are important as they serve as guidelines for successful co-operative practice around the world, allows co-operatives to be distinguished from other forms of organisation, and makes it possible to tell genuine co-operatives from false ones.

As in other countries, co-operative law in Australia is based on the co-operative principles. Changes made to the principles at the Congress may affect all co-operatives in Australia.

The review of the principles follows a report on co-operative values.

In 1988, while addressing the Stockholm Congress, ICA President Lars Marcus issued a challenge to the international co-operative movement.

Concerned about questions of co-operative identity in the industrialised countries and the uncertainties confronting co-operatives in Eastern Europe, he asked the international movement to re-examine its values so that it could better meet the needs of the twenty first century.

In 1989, the ICA appointed Dr. Sven Ake Book of the Swedish co-operative movement to head a project to review co-operative values and principles.

Following consideration of his report, *Co-operative Values in a Changing World*, the 1992 ICA Congress resolved that co-operative commitment is based on shared values of equality and equity; voluntary and mutual self-help; and economic and social progress.

The Congress also affirmed that the basis of co-operation is the member, whose interests and needs must at all times be reflected in the objectives and work of co-operatives.

In his report, Dr. Book stated that the co-operative principles are the basic guidelines for the practical application of co-operative values, and recommended changes to the principles to meet the challenges of the emerging market-orientated economies.

A major issue identified was capital formation. With the growing size of co-operatives, larger amounts of capital is required. Dr Book proposed that the principle of **limited interest on capital** be formulated in a more flexible way and while co-operatives should rely as much as possible on member capital, there should be a proper degree of independence in the raising and use of capital.

The proposed new principles are:

- voluntary and open membership;
- democratic member control;
- member economic participation;
- autonomy and independence;
- education, training and information;
- co-operation among co-operatives;
- concern for the community. □

## Directors: your duties and obligations

A registered Co-operative is a corporate body, with the status of a legal person. It relies upon human resources to carry out its objectives.

Under the Victorian Co-operation Act 1981, the business and operations of a Co-operative are managed and controlled by a Board of Directors.

The relationship between a Director and the Co-operative is one of trust, that is, a fiduciary relationship.

A fiduciary relationship arises where one party undertakes to act on behalf of another and has the power to effect that other person's interests in a legal or practical sense.

In the first of a series of articles on the Directors' duties, Jenni Mattila of Corrs Chambers Westgarth, summarises the main fiduciary duties of Directors.

Directors of co-operatives have "common law" duties that have traditionally been imposed by the court, and statutory duties under the *Co-operation Act 1981*.

There are two basic common law duties:

- to act in good faith; and
- to act with reasonable care and diligence.

Statutory duties elaborate further on these two common law duties.

Directors are liable for any loss incurred by the Co-operative due to the Directors misconduct or negligence or failure to comply with the Act, Regulations and the rules of the Co-operative.

Directors must take all reasonable steps to avoid a conflict of interest.

For example, where a Director has a direct or indirect interest in a contract with the Co-operative, the Director must declare that interest to the board.

The Director must not vote or be heard on the matter.

Directors must not incur any debts where there are no probable or reasonable grounds, in the circumstances, of the Co-operative being able to pay the debt.

These duties are owed to the Co-operative rather than the individual members. □



# Member profile: Community Enterprise Network

The Macaulay Community Enterprise Network Co-operative Ltd (MCEN) is a leader in the provision of enterprise and financial planning services to the community and co-operative sectors in Victoria.

MCEN was formed in 1990 by a network of community organisations to resource and assist the development of new employment generating businesses within the City of Melbourne.

The establishment phase of MCEN was funded by the Lance Reichstein Foundation, Myer Foundation, ANZ Trustees and the Stegley Foundation.

MCEN's record of achievement is impressive. Working closely with the community, MCEN has initiated 10 new community enterprises, resulting in over 70 new jobs and 200 training positions.

Today, MCEN is a well established independent self financing community business providing a range of professional services.

MCEN appreciates the effort in meeting funding and corporate obligations, managing staff and keeping up the paperwork while trying to provide a good service to members.

MCEN can help relieve the burden by providing the following services:

- Qualified accounting staff for accurate, reliable information
- Computerised accounting systems for fast data processing and efficient report presentation
- Budget preparation & management
- Committee of Management training
- Full pay-roll services
- Employer/employee relations
- Corporate secretarial services
- Feasibility studies
- Enterprise planning

To find out how MCEN can help you, call Lil Healy on (03) 9372 1897.

MCEN has been an active member of the Federation since July 1993. □

Asia Pacific Co-operative Training Centre

## Training Programme

### MANAGEMENT COURSE

Australian Certificate in Co-operative Management:

MELBOURNE:

Sept 21 - 24, Oct 26 - 29, Nov 23 - 26

### DIRECTOR COURSE

MELBOURNE: October, 1995

#### Director and Management Development Skills

As the official training provider to the co-operative sector in Australia, the Asia Pacific Centre is happy to respond to co-operatives who have particular training needs or wish to combine with other co-operatives to mount training events.

*Contact Tim Dyce to discuss your training needs. Tel: (02) 332 4596*

## Sector trends: where are co-ops coming from, and going?

*By Sue Barnes, Development Officer  
Co-operatives Unit, Dept of Justice*

It is often of interest to the Co-operative Sector and the general community the types of organisations that are developing within the Co-operative Sector, and how societal changes and requirements can affect trends in registrations of co-operatives.

The Co-operatives Unit, because of its function, can observe the trends and movement of the various co-operatives, from inception through incorporation, to demise and dissolution.

It can often be a matter of a few short years for some co-operatives to move through the above stages, often because projects are completed and the structure becomes obsolescent, but more often than is desirable because not enough thought was put into the business plan and financial projections of the entity thus causing failure in the initial stages of operation.

However, there are co-operatives that have had long and effective life-spans and are currently successful after many years of operation.

The following statistics are taken from the Unit's records and indicate a general trend of the types of co-operatives currently forming and dissolving.

Registration of arts and craft trading co-operatives are "up" and the dissolution of employment co-operatives is high in relation to their registration, as are government guarantee types.

In the year 1 July 1994 to 1 June 1995 sixty-two community advancement co-operatives dissolved, (mostly school and club co-operatives whose projects have finished). Seven trading, two community settlement and five producer co-operatives were also wound up.

Recent registrations indicate a small increase in trading types, there being twelve registered in the period.

Most of these registrations are art and craft organisations who cannot register as incorporated associations because of the constraints imposed by legislation governing those entities.

The rest are made up of diverse industries such as horticulture, migrant employment, wood production, hospitality (tea room), and Aboriginal artefacts and crafts retail.

Only two producer co-operatives were registered - an alpaca/producer and a farmers' co-operative. It does appear, from recent enquires, that the number of producer co-operatives may increase in the future.

By far the largest number of co-operatives registered during the period, (sixteen), were community advancement societies made up mainly of school co-operatives formed to obtain a bank loan guaranteed by the Treasurer of Victoria.

There were also ten Common Equity Rental Housing co-operatives registered, one electric, one environment protection and one art and craft co-operative.

It is interesting to note that no community settlement societies were registered in the period. Indeed the last of these co-operatives was registered in June 1992. Perhaps an indication that this type of co-operative is no longer favoured as in the 1970's and '80's. A reflection on the changing mores of the community no doubt. □

*Editors note: community settlement co-operatives have not flourished partly because State planning laws do not recognise the concept of "multiple occupancy"*



## News in brief

### Training co-op set to move to NSW

Members of the Asia Pacific Co-operative Training Centre Ltd have called a special general meeting for 20 July to wind-up the Victorian registered co-operative, and to transfer its assets to a similar co-operative being formed in NSW.

The planned move follows recognition of the training centre in the Asia-Pacific Region by the International Labour Organisation, the Fiji Co-operative Sector, the Co-operative League of Thailand and from the Government of Vietnam.

The directors of the Co-operative believe that relocation to Sydney will enable the centre to more conveniently service the needs of both the Australian Co-operative movement and the various International projects currently in the planning stages, and to adequately tap in to opportunities for future growth of the centre in the region.

The directors have reassured members that the proposal should in no way be seen as a precursor to a reduction of activity by the centre in Victoria.

### New national co-op body formed

The Co-operative Federation of Australia Inc., under the new name **Co-operatives Council of Australia Inc.**, has been revived by State Co-operative Federations after a dormant period.

The new body supersedes the unincorporated National Co-operatives Council, formed after the demise of the Australian Association of Co-operatives in 1993.

An initial priority of the CCA is to respond to plans by State Attorneys-General to insert common provisions governing trade with interstate members into State co-operatives legislation.

### Thailand delegation to visit Vic

A delegation from the Co-operative League of Thailand will be in Victoria for two days in late July as part of tour of Australian and New Zealand agricultural and credit co-operatives.

The tour will include a visit to Genetics Australia Co-operative in Bacchus Marsh, which services the dairy industry in Victoria, N.S.W. and Queensland.

### 1995 Annual General Meeting

The Federation is due to hold its 1995 annual general meeting before the end of September.

The board plans to hold a dinner after the meeting to celebrate ICA's centenary.

## Your Federation at work

### CFV brochure

Membership enquiries have grown following the distribution of a brochure promoting the benefits of membership of the Federation. The board appreciates the help of the Co-operatives Unit in sending brochures with annual return forms to Victorian co-operatives whose financial year ends on 30 June.

A brochure promoting co-operatives generally will be available shortly.

### Books from Plunkett Foundation

Members have responded positively to the *Plunkett by Post* book catalogue, with a number of orders being received for co-operative publications. The catalogue can be obtained from the Secretary of the Federation.

### Media watch

Occasionally, articles appear in the press giving a negative view of co-operatives. The board has set up a media watch to monitor the press. Members are invited to contact the Secretary if a press report may warrant a response from the Federation.

### Govt queried on electric co-ops

The Federation has written to the Victorian Treasurer, Mr. Alan Stockdale, seeking clarification of negative comments on electric co-operatives in a recent edition of *Electricity Week*. His spokesperson was quoted as saying that "the Government does not favour that sort of organisation."

### Promoting co-ops to the public

Plans are underway to promote co-operatives to the public through an advertising feature in the rural and urban press later this year. The initiative follows the successful feature appearing in *The Weekly Times* in December 1992. Members will be invited to contribute to the feature.

### Co-operatives legislation

The board has written to the Victorian Attorney-General, Mrs. Jan Wade, expressing disappointment that a co-operatives bill was not introduced into the autumn session of State parliament, as promised in October last year. The board has sought a report on the progress of the bill. □

Before your current insurances fall due, talk to  
**Bruce Wickett of Wickett Insurance Broking,**

(formally A'Asia Insurance Services (Victoria) Pty Ltd)

the Federation's approved insurance broker.

### Specialising in:

- *Directors and officers liability insurance*
- *Fidelity guarantee insurance*
- *Public liability insurance*
- *Business and domestic insurances*

Suite 3/1051 High Street, Armadale, Victoria, 3143

Telephone: (03) 9 822 8688 Mobile: 018 058416 Fax: (03) 9 822 6311

## Statutory forms

Co-operatives are required by law to keep and maintain certain registers, and to periodically submit forms to the Registrar of Co-operative Societies.

All registers, commonly used forms and advice on fees payable for lodging forms are now available from the Federation.

### Victorian Co-operative News

*Opinions expressed in the Victorian Co-operative News do not necessarily reflect those of the Co-operative Federation of Victoria Ltd.*

*Produced for the Co-operative Federation of Victoria Ltd by Tony Gill, Lungs Road, Blampied, Victoria. Printed by Daylesford Video.*

**Co-operative Federation of Victoria Ltd**  
RMB 1282, Blampied Victoria 3364  
Telephone: (053) 457 466  
Facsimile: (053) 483 253

### Community Co-ops Seminar

to be held in Melbourne on

**Friday 22 Sept**

**Make a note in your dairy today**

**For details call Tony Gill - (053) 457 466**